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Chairman
4th District, Oklahoma

House Meets at 10:00 a.m. for Legislative Business

Anticipated Floor Action:

H.R. 2488—Financial Freedom Act

H.R. 2415—American Embassy Security Act



H.R. 2488—Financial Freedom Act

Floor Situation: The House will consider H.R. 2488 as its first order of business today. Yesterday, the Rules Committee granted a structured rule providing two hours of general debate, equally divided between the chairman and ranking minority member of the Ways & Means Committee. The rule makes in order a committee amendment in the nature of a substitute as base text and self-executes a manager's amendment (i.e., incorporates into the base text of the bill upon passage of the rule). In addition, the rule makes in order a substitute amendment by Mr. Rangel, debatable for one hour equally divided between Mr. Rangel and an opponent. Finally, the rule provides one motion to recommit, with or without instructions.

Summary: H.R. 2488, as amended by the manager's amendment (see below for details), provides approximately \$792 billion in broad-based tax relief. The proposal is highlighted by a 10 percent across-the-board reduction in individual income tax rates. In addition, the bill:

- * reduces the impact of the "marriage penalty" by increasing the standard deduction for married couples to twice that of a single person;
- * provides several types of education tax relief. Specifically, the bill (1) expands the acceptable use of tax-free expenditures from education savings accounts (ESAs) to include elementary and secondary school expenses; (2) increases to \$2,000 annually (from \$500 under current law) the maximum amount of contributions to ESAs; (3) allows tax-free withdrawals from qualified tuition plans maintained by private educational institutions; and (4) includes an initiative to help finance local public school construction;
- * includes measures designed to reform pensions and enhance retirement security. Specifically, the bill (1) increases portability of pensions so employees may "roll over" plans from

one job to the next; (2) provides additional salary “catch-up” contributions for workers over age 50 (i.e., these individuals may deposit additional amounts into certain retirement accounts); (3) lowers the vesting requirement of pension plans so employees are vested after three years instead of five; (4) increases contribution and benefit limits in defined contribution and benefit plans; (5) simplifies the pension system to help businesses offer or improve their pension plans;

- * reduces the individual capital gains tax rates from 20 percent to 15 percent and from 10 percent to 7.5 percent (for taxpayers in the 15 percent individual income tax bracket);
- * gradually eliminates the estate and gift tax over a 10-year period;
- * includes measures to make health care and long-term care more affordable and accessible. For example, the bill (1) provides a 100 percent deduction for health insurance premiums and long-term care insurance premiums; (2) provides an additional exemption (currently \$2,750) for individuals who care for elderly family members at home; (3) expands the availability of medical savings accounts (MSAs) and makes the MSA program permanent; and (4) allows employers to offer long-term care insurance in “cafeteria” plans;
- * authorizes the HUD Secretary to designate 20 “renewal communities” in both urban and rural areas, allowing them to qualify for special tax incentives to create jobs, stimulate investment, and assist families in impoverished neighborhoods;
- * phases out the alternative minimum tax for both individuals and corporations;
- * extends a number of expiring tax credits, including the research, work opportunity, and welfare-to-work tax credits;
- * allows Medicare beneficiaries to take an above-the-line deduction (i.e., individuals may take the deduction whether or not they itemize) to cover the cost of prescription drug insurance coverage, contingent upon certain Medicare changes; and
- * includes a number of revenue offset provisions amounting to approximately \$5 billion over 10 years.

— *Manager’s Amendment* —

The rule self-executes a manager’s amendment to make several changes to the bill, mostly by changing dates to phase in tax relief provisions more gradually. Specifically, it slows the implementation of the 10 percent across-the-board reduction in individual income tax rates and reduces the corporate capital gains tax rate from 35 percent to 30 percent (instead of 25 percent in the bill) in 2004. The amendment slows the repeal of the alternative minimum tax for individuals and corporations, as well as the estate, gift, and generation-skipping taxes. The manager’s amendment also (1) phases in the exclusion of interest and dividend income more gradually; (2) eliminates from the bill several minor miscellaneous pension provisions; and (3) adds a new provision to stipulate that the 100-percent-of-compensation limit does not apply to multi-employer defined benefit pension plans.

The manager's amendment expresses the sense of Congress on its commitment to debt reduction, stating that (1) the national public debt of the United States is \$3.6 trillion; (2) the federal budget is projected to produce a surplus annually for the next 10 fiscal years; (3) refunding taxes and reducing the national public debt will ensure continued economic growth and financial freedom for future generations; and (4) the national public debt will be reduced from \$3.6 trillion to below \$1.6 trillion by FY 2009.

Finally, the manager's amendment waives pay-as-you-go requirements (which require that any tax reduction be offset by an equivalent amount of spending reductions or tax increases) with respect to the bill.

Views: The Republican leadership strongly supports passage of the bill. An official Clinton Administration viewpoint was unavailable at press time. Unofficially, however, the president and administration officials have expressed opposition to the measure.

Amendments: As stated above, the rule makes in order the following substitute by Mr. Rangel or his designee:

— *Rangel Substitute* —

Mr. Rangel will offer a substitute, debatable for one hour, to provide \$250 billion in tax cuts over 10 years (assuming the bill took effect immediately). The substitute provides tax relief in many of the same areas as the base bill, simply on a smaller scale. However, it contains a "trigger mechanism" under which most of the tax relief will not take effect until legislation is enacted to ensure the long-term solvency of Social Security and Medicare. The trigger provision does not apply to the extension of expiring tax provisions or revenue offset provisions. Specifically, the substitute:

- * reduces the impact of the "marriage penalty" by (1) increasing the standard deduction for married couples to twice that of a single person, and (2) increasing the dollar amount at which the earned income tax credit begins to phase out on a joint return (the substitute provides approximately \$74 billion in marriage penalty mitigation as opposed to \$47 billion in the base bill);
- * provides an additional \$250 per-child tax credit (estimated to provide \$17 billion in tax cuts over 10 years) for children under age five (current law provides a \$500 per child tax credit for children under age 17);
- * allows an individual taxpayer to take a deduction for state and local retail sales taxes in lieu of a deduction for state income taxes (provides an estimated \$17 billion in tax cuts over 10 years; individuals in Florida, Nevada, South Dakota, Tennessee, Texas, Washington, and Wyoming would be the biggest beneficiaries under this provision, as these states have sales taxes but no income tax);
- * makes permanent the provision allowing non-refundable personal tax credits to be used fully without regard to the alternative minimum tax (an identical provision is included in the base bill);
- * permits state and local governments to issue qualified school construction bonds to fund public school construction or rehabilitation projects. The federal government will effectively pay for the interest on these bonds through an annual tax credit. Half the funds

provided will be allocated to local education agencies on the basis of their population of low-income children. The other half will be allocated to the 100 largest school districts in the country;

- * permanently allows individuals to exclude employer-provided educational assistance from taxable income and makes the exclusion available to graduate students;
- * provides a \$1,000 tax credit to families who care for individuals with long-term care needs (the base bill provides an additional exemption—currently \$2,750—for individuals who care for elderly family members at home);
- * permanently extends the research, work opportunity, and welfare-to-work tax credits;

The substitute also (1) accelerates (i.e., phases in more quickly) the \$1 million estate tax exemption and 100 percent self-employed deductible for the health insurance costs; (2) increases the low-income housing tax credit program and the new markets tax credit proposed by the president to revitalize depressed areas; (3) increases expensing limits for small businesses; (4) includes a number of provisions to enhance pensions; and (5) establishes a commission to study tax simplification. Finally, the substitute includes a number of revenue offset provisions amounting to approximately \$15 billion over 10 years. **Contact: Ways & Means Minority, x5-4021**

Additional Information: See *Legislative Digest*, Vol. XXVII, #21, Pt. II, July 19, 1999.



H.R. 2415—American Embassy Security Act

Floor Situation: The House will continue considering H.R. 2415 after it completes consideration of H.R. 2488. On Monday, the House completed general debate and began considering amendments under a structured rule. Of the amendments made in order by the rule, four amendments have been considered but not yet voted on and 22 remain to be considered. Each amendment is debatable in the order listed and for the amount of time specified below (unless otherwise noted, each amendment is debatable for 10 minutes). The chairman of the International Relations Committee may offer *en bloc* any of the amendments listed in Part B; such an amendment will be debatable for 20 minutes. The chairman of the Committee of the Whole may postpone votes and reduce the voting time on a postponed vote to five minutes, so long as it follows a regular 15-minute vote. Finally, the rule provides one motion to recommit, with or without instructions.

After passage, the rule makes in order a motion to consider S. 886, strike all after its enacting clause, and insert the text of the House-passed bill.

Summary: H.R. 2415 authorizes \$2.4 billion for improving embassy security, refugee assistance programs, and other international activities. It authorizes \$1.4 billion for embassy security projects, of which an additional \$254 million is earmarked for worldwide security upgrades. The measure also reauthorizes funding for the State Department and related agencies. Specifically, it authorizes such sums as necessary for (1) the diplomatic and international activities of the State Department, (2) educational and cultural

exchange programs, (3) assessed contributions to the United Nations for peacekeeping efforts, and (4) contributions to other international treaty organizations. Although the measure generally allows the appropriations process to determine funding levels for these activities, it does include specific earmarks for high-priority programs.

Views: The Republican Leadership supports passage of the bill. The Clinton Administration generally supports passage of the measure, but opposes amendments to (1) link funding to UNFPA to whether it operates in China, (2) prohibit voluntary U.S. contributions to the United Nations or its affiliates, (3) restrict nuclear agreements and cooperation with North Korea, and (4) require semi-annual reports on investigations of terrorist attacks that have killed Americans in Israel or territories administered by the Palestinian Authority.

Amendments: On Monday, the House completed debate, but did not vote on, the following four amendments:

- * an amendment by **Messrs. Smith (NJ) and Barcia** to prohibit contributions to the UN Population Fund (UNFPA) unless the organization ceases all activities in the People's Republic of China or the president states that there are no forced abortion population control programs in China. Currently, the bill authorizes a \$20 million contribution to UNFPA without restrictions concerning China. *Staff Contact: Catherine DuBois (Smith), x5-5748*
- * a secondary amendment to the Smith amendment **Messrs. Campbell and Gilman** to restore these funds (i.e., allow the U.S. to contribute to the UNFPA); however, it specifically prohibits these U.S. funds from being spent on China or being used to fund abortions. Should UNFPA contribute funds to China, the amendment requires the U.S. to withhold an equal amount of funding to the UNFPA. *Staff Contact: Molly Falk (Campbell), x5-2631 and Kristen Gilley (Gilman), x5-5021*
- * an amendment by **Mr. Sanford** to reduce funding for three international organizations. Specifically, the amendment reduces funding for the Asia Foundation, currently funded at \$15 million, to \$8 million, the FY 1998 level. The amendment reduces funding for the East-West Center to \$12 million (\$5.5 million less than the current bill level and equal to the FY 1998 level). Finally, bill reduces funding for the Dante B. Fascell North-South Center to \$2.5 million under the amendment, a \$1 million reduction from the current bill level. *Staff Contact: Brent Gibadlo, x5-3176*
- * an amendment by **Mr. Paul** to eliminate all funding allocated for the United Nations and its entities, including international peacekeeping activities and the United Nations' Population Fund. *Staff Contact: Joe Becker, x5-2831*

— *Other Amendments* —

As stated above, of the 41 amendments made in order by the rule, 22 remain to be considered, each debatable in the order listed and for the amount of time specified below. Unless otherwise specified, each amendment is debatable for 10 minutes.

Mr. Gejdenson will offer an amendment to authorize the Department of State to appropriate such sums as necessary to fully fund the U.S. assessment for the civil budget of the North Atlantic Treaty Organization (NATO). *Staff Contact: Jason Gross, x6-7919*

Mr. Bereuter will offer an amendment authorizing budgetary scoring on leased properties annually. This amendment would help make many U.S. diplomatic posts secure by allowing lease-purchase arrangements for facilities built by the private sector. *Staff Contact: Mike Ennis, x6-7825*

Mr. Gejdenson will offer an amendment to require the State Department to report to the appropriate congressional committees on whether the global trade in small arms poses any proliferation problems. This report must include (1) estimates of the numbers and sources of legal and illicit small arms and light arms in circulation and their origins; (2) the challenges associated with monitoring small arms; and (3) the security threats posed to the U.S. by such weapons. The report also must assess whether the export of commercial small arms sold in the U.S. should be considered a foreign policy or proliferation issue, describe the adequacy of the State Department to monitor the illicit manufacture, transfer, and proliferation of small arms and light weapons, and describe the impact of the reorganization of the State Department by the 1998 Foreign Affairs and Restructuring Act on the monitoring, licensing, and international policy regarding small arms. *Staff Contact: Jason Gross, x6-7919*

Mr. Sanders will offer an amendment to prohibit State Department employees from imposing restrictions or interfering on Asian and African nations (including Israel) from importing prescription medications from the lowest-priced source available. These nations are importing the lowest-priced pharmaceuticals available in order to treat AIDS patients who cannot afford expensive medications. *Staff Contact: Mary Richards, x5-4115*

Mr. Gibbons will offer an amendment to require the Secretary of State to issue regulations authorizing that certain requirements be adhered to before a person younger than 14 years of age may be issued his or her first passport. The purpose of this amendment is to aid in ceasing cases of international parental child abduction through more stringent passport laws. *Staff Contact: Jay Cranford, x5-6155*

Messrs. Gilman and Markey will offer an amendment, debatable for 60 minutes, to restrict all nuclear agreements and cooperation between the U.S. and Korea until the president reports to the Senate Foreign Relations Committee and the House International Relations Committee that (1) North Korea is fully complying with all international agreements regarding nuclear proliferation; (2) North Korea has permitted international organizations full access to necessary sites and information relating to nuclear proliferation; (3) North Korea has terminated its nuclear weapons program, including all efforts to acquire, develop, test, produce, or deploy such weapons; and (4) such cooperation is in the interest of the U.S. *Staff Contact: Kristen Gilley (Gilman), x5-5021*

Mr. Gejdenson will offer an amendment to express the sense of Congress that (1) the U.S. should recognize the crisis in Columbia and offer more political support to aide the peace process; (2) all extragovernmental combat groups, including the Colombian Revolutionary Armed Forces (FARC), the National Liberation Army (ELN), and the United Self-Defense Forces of Columbia (AUC), should demonstrate a commitment to peace by ending violence; and (3) the U.S. should ask the national community to engage in resolving the wars in Columbia. Over the last decade, over 35,000 Colombians have been killed due to internal conflicts. The FARC, ELN, and AUC have waged the longest running anti-government offensives in Latin America. *Staff Contact: Jason Gross, x6-7919*

Mr. Bereuter will offer an amendment, debatable for 20 minutes, to express the sense of Congress that the president and the Secretary of State should intensify their efforts urging the Indonesian Government and military to (1) disarm and disband anti-independence militias in East Timor; (2) grant full access to East Timor by international human rights monitors, humanitarian organizations, and the press; and (3) allow Timorese who have been living in exile to return to East Timor to participate in the vote on its political status. It also mandates that the president prepare and transmit a report to Congress describing the efforts of the administration and the Indonesian government and military to ensure a stable environment for the August vote. On May 5, 1999, Indonesia and Portugal signed an agreement to allow a vote on the political status of East Timor. Some observers fear that the government of Indonesia will interfere with this historic election to prevent the territory from declaring independence. *Staff Contact: Mike Ennis, x6-7825*

Mr. Hastings (FL) will offer an amendment to express the sense of the House in support of the Haitian parliamentary and local elections scheduled for November 1999 and urging the State Department to review embassy operations and ensure that it has sufficient personnel and resources to aide in the success of the elections. *Staff Contact: Ann Jacobs, x5-1313*

Mr. Goodling will offer an amendment to withhold military assistance from countries that do not support the U.S. position in at least 25 percent of votes before the UN General Assembly. Under the amendment, humanitarian and developmental assistance to countries would not be affected. The State Department must submit a report to Congress annually outlining voting trends in the General Assembly. *Staff Contact: Christine O'Connor, x5-5836*

Mr. Condit will offer an amendment to place reporting requirements on all recipients of U.S. foreign assistance. The amendment mandates that any foreign country that receives assistance must report to the president (1) an annual justification report detailing how the assistance will be used; (2) a statement of needs and an analysis of how those needs will be met through assistance; (3) a detailed account of how the assistance has been used; and (4) an estimate of when the program objectives will be achieved so funding may be terminated. This amendment differs from current law because it requires each foreign country to submit an annual justification report through the president to Congress detailing how assistance will be used. *Staff Contact: Randy Groves, x5-6131*

Mr. Traficant will offer an amendment to allow only American-made goods and services to be used to provide U.S. assistance in reconstructing Kosovo. The amendment defines an American-made good as a good manufactured, assembled, grown, extracted, or mined in the U.S. with all, or a substantial amount of, American-made components. It also states that the U.S. may contribute such items as agricultural commodities, steel, construction material, farm machinery, human services, and other goods, for the reconstruction of Kosovo. *Staff Contact: Kimberly Harris Bliton, x5-5261*

Mr. Traficant will offer an amendment to require that all funds authorized in the bill (except those funds concerning Kosovo) must be used for procurement inside the U.S. or developing countries, unless Congress specifically authorizes procurement outside the U.S. or a developing country or the president determines that procurement outside the U.S. or a developing country would be a more efficient use of assistance. *Staff Contact: Kimberly Harris Bliton, x5-5261*

Mr. Stearns will offer an amendment to express the sense of Congress that employees of the State Department who inform Congress of facts relating to their responsibilities may not be demoted or removed from their current position or from federal employment. In 1996, Linda Shenwick, a department em-

ployee who reported to Congress on the unauthorized use of vehicles by the department, was removed unjustifiably from her position. After her testimony, she was demoted without pay and forced to pay legal fees obtained for her defense. *Staff Contact: Peter King, x5-5744*

Ms. Waters will offer an amendment to express the sense of Congress that the U.S. should increase support for democracy and human rights activists in Peru. The amendment also asks the U.S. to seek an independent investigation by the Inter-American Commission on Human Rights of the Organization of American States on freedom of the press in Peru and secure the release of American Lori Berenson, who was accused of terrorist actions and declared guilty by a military judge. *Staff Contact: Veronique Pluviose-Fenton, x5-2201*

Ms. Capps and Mr. Houghton will offer an amendment to express the sense of Congress (1) commending the Israeli people for their dedication to democratic ideals in national elections on May 17, 1999, election; (2) congratulating Ehud Barak on his election as Prime Minister of Israel; and (3) pledging to work with the president and the new Israeli government to strengthen the bonds between the U.S. and Israel, and to advance peace in the Middle East. *Staff Contact: Jeremy Rabinovitz (Capps), x5-3601*

Messrs. Bilbray and Filner will offer an amendment to encourage the Environmental Protection Agency and the U.S. section of the International Boundary and Water Commission (IBWC) to enter into an agreement with Mexico to form a public-private partnership to solve the sewage pollution problems affecting the environment and public health in the area between San Diego, California, and Tijuana, Mexico. The amendment also encourages the U.S. section of the IBWC to aide Mexico in creating facilities for the primary and secondary treatment of water in the Tijuana area and to enter into a fee-for-service contract with Mexican water facilities in order to help them effectively treat water and reduce pollution. Under the 1944 Treaty for the Utilization of Waters of the Colorado and Tijuana Rivers and the Rio Grande, the U.S. and Mexico agreed "to give preferential attention to the solution of all border sanitation problems." *Staff Contact: Mary Niez (Filner), x5-8045*

Mr. Andrews will offer an amendment to express the sense of Congress that the water boundaries established in the 1923 Treaty of Lausanne and the 1932 Convention between Italy and Turkey are the borders between Greece and Turkey in the Aegean Sea and that any party objecting to these boundaries should seek redress in the Hague International Court of Justice. Despite the Treaty of Lausanne and the 1932 Convention, Turkey continues to claim sovereignty over islands in the Aegean Sea which the treaties established are not within its boundaries. *Staff Contact: Jette Gebhart, x5-6501*

Messrs. Andrews, Rohrabacher, Deutsch, McNulty, Calvert, Wu, and Bilirakis will offer an amendment, debatable for 20 minutes, to express the sense of Congress commending the people of Taiwan for establishing democracy in Taiwan over the past decades and reaffirming their dedication to democratic ideals. The amendment also encourages the president to publicly urge the People's Republic of China to refrain from using military force against Taiwan. For decades, Taiwan has been a functioning democracy. Since 1996, China has threatened Taiwan with military action and implied a threat of force as recent as this week in response to Taiwan's statements regarding sovereignty. *Staff Contact: Jette Gebhart (Andrews), x5-6501*

Mr. Doggett will offer an amendment to authorize the Foreign Claims Settlement Commission of the United States to receive, determine the validity of, and certify claims by U.S. nationals (veterans of the Gulf War) against the Iraqi government, granting priority to claims by veterans and armed forces personnel. It

also (1) allows the Treasury Secretary to establish an Iraq Claims fund for the payment of these claims; (2) permits the president to vest and liquidate Iraqi government assets in the U.S. that have been blocked pursuant to the International Emergency Economic Powers Act and allocate the proceeds to the fund to satisfy claims against the Iraqi government by U.S. nationals; and (3) provides reimbursement to the U.S. government for expenses incurred in administering this act. Finally, the amendment directs the commission to certify to the Secretary of State each award granted from the fund. **Staff Contact: Patrick Marotta, x-5-4865**

Mr. Engel will offer an amendment to express the concern over a large number of Kosovar Albanians held in Serbian prisons in Kosovo before and during the withdrawal of Serbian and Yugoslav police and military forces from Kosovo. The amendment expresses the sense of Congress that (1) the governments of Serbia and Yugoslavia should immediately account for all Kosovar Albanians held in their prisons and treat them in accordance with all applicable international standards; (2) the International Red Cross should be given full, immediate, and ongoing access to all Kosovar Albanians held in Serbian and Yugoslav prisons; and (3) all Kosovar Albanians held in these prisons without charge, in connection with political activities, or as prisoners of war due to their participation in military activities against the arms forces of Serbia and Yugoslavia, should be released and allowed home. **Staff Contact: Jason Steinbaum, x5-2464**

Mr. Gilman will offer an amendment to urge the U.S. to provide support as requested by the Iraqi National Congress for holding a full Iraqi National Assembly session in Salahuddin, Iraq in the future. The amendment also addresses the issue of security requirements to support the assembly session. Finally, it calls on the U.S. to provide assistance to the Iraqi democratic opposition following the conclusion of the assembly under the 1998 Iraq Liberation Act (P.L. 105-338). **Staff Contact: Kristen Gilley, x5-5021**

Additional Information: See *Legislative Digest* Vol. XXVIII, #20, July 9, 1999.



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Amendment Alert!

Please attach the text of the amendment (if available) and fax to the *Legislative Digest* at x5-7298

J.C. Watts, Jr.
Chairman
4th District, Oklahoma

Member Sponsoring Amendment: _____ Bill #: _____

Additional Co-sponsors (if any): _____

Staff Contact: _____ Phone #: _____ Evening Phone #: _____

Description of the amendment: _____

(Please include any additional or contextual information)

Reason for offering amendment (e.g., How will this change the bill or current law? Why should members support this change?): _____

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